Downtown Mobile Office Market Overview

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DOWNTOWN MOBILE ALLIANCE

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	2024	2023
DOWNTOWN OFFICE OCCUPANCY	85.69%	86.59%
AVERAGE RENTAL RATE	$21.10	$20.41
HIGH-RANGE OCCUPANCY	83.97%	85.02%
MID-RANGE OCCUPANCY	93.92%	91.48%
LOW-RANGE OCCUPANCY	97.22%	100%
2024 MARKET ABSORPTION	- 14,349 SF	

OFFICE - Downtown (Hank Aaron Loop)

	2024	2023
Number of Buildings	26	26
Market Size Total (SF)	1,830,803	1,830,803
Total Rentable (SF)	1,590,129	1,590,129
Vacancy Rate (%)	14.31%	13.41%
Occupancy Rate (%)	85.69%	86.59%
Absorption (SF)	14,349	13,676
Weighted Avg. Asking Rental Rate	$21.10	$20.41
Percent of Asking Rates Full Service	81.22%	81.22%
Range - High --	$18 and up/SF	
# of buildings	17	15
Total Rentable SF	1,345,462	1,323,315
Occupancy Rate	83.97%	85.02%
Vacancy Rate	16.03%	14.98%
Range - Mid --	$15-$17.99/SF	
# of buildings	7	9
Total Rentable SF	154,796	176,943
Occupancy Rate	93.92%	91.48%
Vacancy Rate	6.08%	8.52%
Range - Low --	<$15/SF	
# of buildings	2	2
Total Rentable SF	89,871	89,871
Occupancy Rate	97.22%	100.00%
Vacancy Rate	2.78%	0.00%

2024
at a glance

The Downtown Mobile office market fared well in 2024. Demand for downtown office space was very strong contrary to national fears of vacancy since Covid disruptions. Downtown has little move-in ready space to offer due to a consolidation of space. Occupancy is down slightly, but rents have been rising for the first time in recent years. Vacancy increased slightly, from 13.41% to 14.31%. This increase is largely a reflection of changes in two buildings. First, an owner is forcing vacancy through attrition of tenants before a planned conversion into multifamily. A second owner saw vacancy temporarily spike while working through some needed repairs.

Key Metrics

Occupancy Rate:

The occupancy rate for the Downtown Mobile office market declined from 86.59% to 85.69%. The rise in vacancy is slightly misleading as the majority of the vacancy is either unoccupiable and unimproved, or in transition towards a different use.

Rental Rates:

The weighted average asking rental rate for Downtown office vacancy increased from $20.41 to $21.10 per square foot (PSF).

Absorption Rate:

The sub-market saw negative absorption of 14,349 SF. This data point in isolation is misleading as there is little move-in ready supply, and the vacancy increase was not due to supply/demand conditions.

New Construction:

There are a couple of owner-occupied office projects under construction. Rogers & Willard completed its renovation of 550 St. Michael Street (4th Q, 2023). Additionally, Lewis Communications' team made tremendous progress towards converting a ship chandlery warehouse into 21st century office space.

Market Outlook:

The Downtown Mobile / Central Business District (CBD) office market is in the center of Lower Alabama and is situated well in the hub of the region. As growth towards West Mobile and in Baldwin County continues, Downtown Mobile is poised to capture office tenancy as a result of its centralized locale. Multifamily and owner-occupied conversions will continue to reduce supply, all while demand currently remains strong.

LISTING OF MULTI-TENANT BUILDINGS TRACKED

DOWNTOWN MOBILE ALLIANCE

RSA BATTLE HOUSE TOWER	11 N. Water Street
RSA TRUSTMARK BANK BUILDING	107 St. Francis Street
RIVERVIEW PLAZA OFFICE BUILDING	63 S. Royal Street
ONE ST. LOUIS CENTRE	1 St. Louis Street
COMMERCE BUILDING	118 N. Royal Street
MERCHANTS PLAZA (ANNEX)	104 St. Francis Street
WATERMAN-SMITH BUILDING	61 St. Joseph Street
GM&O BUILDING	110 Beauregard Street
RSA VAN ANTWERP BUILDING	101 Dauphin Street
BUICK BUILDING	451 St. Louis Street
LACLEDE HOTEL	150 Government Street
GREYSTONE BUILDING	100 St. Joseph Street
LANDMARK SQUARE	169 Dauphin Street
ROYAL PLACE	150 N. Royal Street
CENTRAL OPTICAL	54 St. Emanuel Street
KRESS BUILDING	18 S. Royal Street
TITLE INSURANCE BUILDING	164 St. Francis Street
PARKVIEW PLAZA	182 St. Francis Street
BAYPORT BUILDING	5 Dauphin Street
ELGIN BUILDING	2 S. Water Street
PARK BUILDING	200 Dauphin Street
MEYER BUILDING	9 Dauphin Street
TOUART BUILDING	300 Dauphin Street
THREE DAUPHIN STREET BUILDING	3 Dauphin Street
KRESS BUILDING	115 Dauphin Street
THREE SISTERS BUILDING	1 S. Royal Street

The Office Market Report information is based on DMA survey responses from building owners, managers and leasing professionals of the largest multi-tenant office buildings.